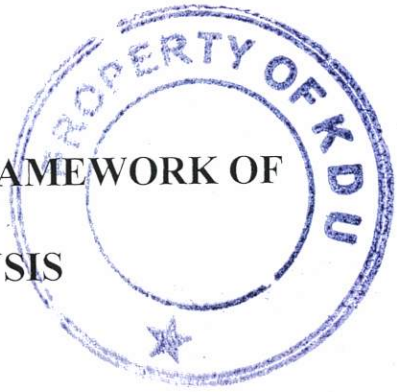# ANTI-MONEY LAUNDERING LEGAL FRAMEWORK OF

SRI LANKA: A GAP ANALYSIS

By

GANGANA KAMALINDA HEVAVITHANA

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ABSTRACT

ANTI-MONEY LAUNDERING LEGAL FRAMEWORK OF SRI LANKA: A GAP ANALYSIS

Gangana Kamalinda Hevavithana
General Sir John Kotelawala Defence University, Sri Lanka

This research comparatively assesses the legal framework currently in force to combat money laundering in Sri Lanka against the global requirements and obligations contained in three UN Conventions, namely the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption, and the Financial Action Task Force (FATF) recommendations on money laundering control. The said UN Conventions and the FATF recommendations are presently recognized as the anti-money laundering (AML) global standard. From time to time, Sri Lanka is getting blacklisted as a country with deficiencies in AML control systems by international organisations and there is a general perception in the society, as reported in the media, that money laundering in some form or other is taking place in the country though the perpetrators are rarely traced, prosecuted and penalized. Therefore, this research aims to find out whether there are any deficiencies in the domestic AML legal framework that hinder combatting the offence of money laundering in the country, that need to be rectified.

The research is qualitative and takes the form of a desk research and a legal discussion, as the analysis is mainly centred on the available legal and Conventions provisions. For the purpose of convenience, it analyses the international legal system and the domestic legal system on AML under four key areas of importance namely, the criminalizing the offence, tracking and confiscation of proceeds of crime, preventive measures and international cooperation. The research, while identifying the areas of strength in the existing AML legal framework, discovers deficiencies and loopholes of that framework which are thought to be hindering the efficient and effective implementation and enforcement of the law.

Therefore, it is expected that the findings of this research and the recommendations suggested, will help the policy makers and legislators in introducing appropriate legal and policy reforms, and the regulators, law enforcement agencies and supervisory agencies in enforcement, regulation and supervision of the respective sectors that are vulnerable to money laundering.

KEY WORDS: Money Laundering, Proceeds of Crime, Customer Due Diligence, Beneficial Interest.